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ARIZONA CORPORATION COMMISSION
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2009 JUL -1 P 2: 38

July 1, 2009

CERTIFIED MAIL

Ms. Pam Fisher
Tonto Creek Utility Company
HC 2 Box 94 G
Payson, Arizona 85541

AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission
DOCKETED

JUL -1 2009

DOCKETED BY	
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RE: Tonto Creek Utility Company - Application for Approval of the Sale of Assets and Transfer of the Certificate of Convenience and Necessity ("CC&N") to Tonto Creek Water Company
Docket No. W-02784A-09-0276 & Docket No. W-20682A-09-0276

INSUFFICIENCY LETTER

Dear Ms. Fisher:

In reference to the above-mentioned application filed on June 1, 2009, this letter is to inform you that the application has not met the sufficiency requirements as outlined in the Arizona Administrative Code ("A.A.C"). The following information needs to be provided in order to determine sufficiency:

1. A map and written legal description (metes and bounds or cadastral) for the requested service area.
2. Provide a description of the Tonto Creek Utility Company's ("Tonto Creek" or "Company") assets that are to be sold and transferred. On the list provided, indicate those assets, if any, that would not be transferred to the Transferee.
3. Describe in detail the Transferee's prior experience in running a small water company, organizational structure, and financial condition.
4. Describe the effect of the proposed transaction upon the service of the applicant and any benefits that will be realized by customers if the proposed transfer is approved.
5. Describe the method by which the proposed transaction will be financed.

6. Describe in what respect, if any, the proposed transaction will have on any other utility.
7. Provide the name and ADEQ certification number of the person who will be the certified operator of the water system upon the completion of the transfer.
8. Describe any change to the operation and maintenance of the system that will occur if the proposed transfer is approved.
9. Provide a copy of the transfer of City or County Franchises from Transferor to Transferee.
10. Will any of Tonto Creek's liabilities, including but not limited to, refund obligations associated with main extension agreements and deposits be assumed by the acquiring entity?
11. Will the acquiring entity charge the same rates as Tonto Creek and is there any anticipated future plan to request an increase in rates.
12. Have any of the (present and past) officers, directors and/or employees of the acquiring entity been accused of allegations of political corruption (including but not limited to campaign violations and election law violations); allegations of construction violations; allegations of misconduct; and filings at administrative hearings, at the local, state, or federal agencies, including at the Federal Elections Commission, Registrar of Contractors, or any violations of law? If so, please provide a comprehensive list of the entities that have been accused of the above-mentioned allegations; the litigation history; and the individual case disposition.
13. Have any of the persons or entities listed in No. 6 above been convicted or admitted to any of the allegations listed?
14. Has the acquiring entity ever filed for bankruptcy?
15. Please identify any and all mechanics, tax or other liens that have been assessed against Tonto Creek or the acquiring entity or their owners/operators.
16. Please provide Tonto Creek's compliance status with the Arizona Department of Environmental Quality and Arizona Department of Water Resources.

Staff would like to use this opportunity to bring the following to your attention:

- Pursuant to A.A.C. R14-2-411(C) (3), Staff may terminate an application if the applicant does not remedy all deficiencies within 60 calendar days of the notice of deficiency.

If you have any questions concerning this matter, please do not hesitate to contact me at 602-542-0818.

Sincerely,

A handwritten signature in cursive script that reads "Vicki Wallace".

Vicki Wallace
Executive Consultant

Cc: Docket Control
Del Smith
Jian Liu
Barbara Wells
Lyn Farmer